

2 October 1969

MEMORANDUM

SUBJECT: Panama

1. After several months of relative quietness, Panama is again stirring on the Canal issue. As recently as 27 September, Foreign Minister Pitty made a powerful demand for a new Canal treaty with the US in a speech at the UN.
2. Subsequent to Pitty's speech the controlled press in Panama picked up the same theme and is playing it hard. The press is particularly insistent on the note that the Panamanian Government is determined to have the "unjust" 1903 treaty abrogated.
3. Despite the occasional marked declines in public clamor over the Canal, the treaty issue is never far from the surface in Panama. Panamanians in general and Panamanian nationalists in particular will not soon forget President Johnson's statement on 18 December 1964 when he announced US willingness to negotiate a new treaty for the Panama Canal, to recognize Panamanian sovereignty, to fix a date for the termination of US rights in the Zone, and to draw up a treaty for a sea-level canal.
4. The present military government of Panama may have decided to use the canal issue as a means to gain popular support for itself. The government will probably also use the issue to score a few points against its predecessor by characterizing the 1967 draft treaties as a "giveaway" negotiated by a corrupt oligarchy.

5. Over the short run the Torrijos government is also likely to use this issue as a club to gain concessions when the treaty giving the US rights to the Rio Mato Military Base outside the Canal Zone comes up for renegotiations next August.